

**Louisiana High School Athletic Association
Financial Statements
June 30, 2009 and 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/14/10

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INDEPENDENT AUDITOR'S REPORT

To the Executive Committee
The Louisiana High School Athletic Association
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of The Louisiana High School Athletic Association (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financials statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Louisiana High School Athletic Association as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


Michael R. Choate & Company
Certified Public Accountants

December 3, 2009

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
June 30 2009 and 2008

ASSETS:	<u>2009</u>	<u>2008</u>
Current assets		
Cash and cash equivalents	\$94,483	\$482,997
Receivables due from schools and affiliate	145,608	36,010
Prepaid expenses	96,308	55,179
Investment securities	961,549	1,043,778
Total current assets	<u>1,297,948</u>	<u>1,617,964</u>
Property & Equipment, net	1,045,955	536,683
Total Assets	<u><u>\$2,343,903</u></u>	<u><u>\$2,154,647</u></u>
LIABILITIES AND NET ASSETS:		
Current liabilities		
Accounts Payable	21,742	49,991
Deferred Revenue	109,905	2,400
Current maturities of long term debt	-	-
Total current liabilities	<u>131,647</u>	<u>52,391</u>
Long term debt	<u>254,259</u>	<u>-</u>
Total Liabilities	<u>385,906</u>	<u>52,391</u>
NET ASSETS:		
Unrestricted		
Designated- operating reserve	707,166	707,166
Undesignated	1,250,831	1,395,090
Total Net Assets	<u>1,957,997</u>	<u>2,102,256</u>
Total Liabilities and Net Assets	<u><u>\$ 2,343,903</u></u>	<u><u>\$2,154,647</u></u>

The accompanying notes to financial statements are an integral part of these statements.

**LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENTS OF ACTIVITIES**

For the years ended June 30, 2009 and 2008

CHANGES IN UNRESTRICTED NET ASSETS	2009	2008
Support and Revenue:		
Membership Dues	\$ 261,850	\$262,825
Athletic Events and Playoffs	307,518	323,127
State Championship Events		
State Baseball Tournament	19,529	10,161
State Swim Meet	15,411	14,891
State Volleyball Tournament	74,261	82,255
State Wrestling	41,682	43,692
State Track	21,993	20,510
State Cross Country	7,350	5,766
State Softball	45,888	41,012
Golf tourney	15,743	13,000
Superdome Classic	574,777	647,817
Top 28 Tournament- Ladies	113,879	110,362
Top 28 Tournament- Boys	265,976	299,772
Registration and Entry Fees	250,903	283,400
Marketing and Promotion		
Corporate Sponsorships	987,600	727,600
Sales		
Event Items	58,667	61,542
Patches, Certifications and Publications	8,516	8,200
Fines and Hearings	97,667	112,812
Net Investment Return	(82,249)	(7,066)
Officiating	89,341	87,872
Donation - Hall of Fame	125,000	-
Other Income and Reimbursements	19,750	19,239
Gain on sale of vehicles	-	19,107
Gain on sale of building	-	51,303
Total Support and Revenue	3,321,052	3,239,199
Expenses:		
Program Services	1,520,290	1,387,767
General and administrative expenses	1,945,021	1,836,304
Total Expenses	3,465,311	3,224,071
(Decrease) Increase in Unrestricted Net Assets	(144,259)	15,128
Unrestricted Net Assets, Beginning of Year	2,102,256	2,087,128
Unrestricted Net Assets, End of Year	\$ 1,957,997	\$2,102,256

The accompanying notes to financial statements are an integral part of these statements.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2009 and 2008

Program Services:	<u>2009</u>	<u>2008</u>
Annual Meeting	\$ 45,947	\$35,924
Area Meetings	-	14,546
Certificates	10,946	21,535
Clinics and Seminars	632	32,574
Entry Fee Reimbursements	8,997	9,328
Executive Committee	123,068	86,772
Commissioners meetings	19,632	-
Hall of Fame Expenses	2,000	2,250
Investigative Services	6,385	9,623
Lobbying Expenses	9,683	14,600
Marketing and Promotional Expenses	191,627	60,021
National Meetings	53,420	57,806
Officials-Associations and LHSAA Fees	87,356	52,286
Patches	7,089	6,079
Rules Compliance	108,898	96,958
School Visitations, Relations, Special Meetings	33,177	48,646
Scholarship Expenses	19,500	8,000
Staff Expenses	23,882	49,493
State and National AD Meetings	6,301	7,426
State Championship Events:		
State Swim Meet	6,150	5,285
State Track	16,609	20,886
State Volleyball Tournament	60,591	55,430
State Wrestling	46,529	42,533
Superdome Classic	340,819	368,056
Top 28 Tournament - Ladies	79,304	80,708
Top 28 Tournament - Boys	150,691	141,256
Other state events	20,414	19,646
Trophies and Plaques	<u>40,643</u>	<u>40,100</u>
Total Program Services	<u><u>\$ 1,520,290</u></u>	<u><u>\$1,387,767</u></u>

The accompanying notes to financial statements are an integral part of these statements.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended June 30, 2009 and 2008

General and Administrative:	<u>2009</u>	<u>2008</u>
Accounting Fees	\$11,295	\$12,447
Automobile Expenses	11,907	33,610
Bad debts	7,655	-
Building Interest Expenses	-	20,281
Building Maintenance and Rent	60,703	55,356
Computer Related Expenses	116,532	29,453
Depreciation	39,146	26,930
Dues and Subscriptions	7,806	7,687
Equipment Maintenance and Repairs	4,074	2,539
Equipment Leases	57,152	56,989
Insurance- Health, Liab, General	136,059	142,765
Insurance- Workman's Compensation	8,912	8,147
Legal services	47,934	59,239
Moving expenses	-	24,395
Miscellaneous Expenses	4,410	1,272
Office Expenses	53,504	59,307
Payroll and Related Expenses	1,172,768	1,090,224
Payroll - Retirement Plan Contribution	108,409	98,249
Postage Expense	28,513	27,547
Printing Costs	30,453	33,040
Telephone Expense	37,789	32,194
Utilities Expense	<u>-</u>	<u>14,633</u>
 Total General and Administrative	 <u><u>\$1,945,021</u></u>	 <u><u>\$1,836,304</u></u>

The accompanying notes to financial statements are an integral part of these statements.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities:		
(Decrease) Increase in unrestricted net assets	\$ (144,259)	\$15,128
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,146	26,930
Gain on sale of building	-	(51,303)
Gain on sale of vehicles	-	(19,107)
Investment return, net	82,229	7,066
Interest expense	-	20,281
Decrease (Increase) in operating assets		
Accounts receivable	(109,598)	878
Prepaid Expenses	(41,129)	(2,167)
Increase (Decrease) in operating liabilities		
Accounts payable and deferred revenue	79,256	52,391
Net cash (used) provided by operating activities	<u>(94,355)</u>	<u>50,097</u>
Cash Flows From Investing Activities:		
Distribution of Football Bond	-	(10,000)
Investment return, net	-	(7,066)
Purchases of investment securities	-	(336,612)
Purchases of land, vehicles, furniture and equipment	(548,418)	(497,368)
Sale of building	-	1,643,530
Sale of Vehicles	-	19,107
Net cash (used) provided by investing activities	<u>(548,418)</u>	<u>811,591</u>
Cash Flows From Financing Activities:		
Interest expense	-	(20,281)
Proceeds from Regions Bank building note	254,259	-
Principal payments on Chase Bank building note	-	(450,983)
Net cash provided (used) by financing activities	<u>254,259</u>	<u>(471,264)</u>
Net (decrease) increase in cash and equivalents	(388,514)	390,424
Beginning cash and cash equivalents	<u>482,997</u>	<u>92,573</u>
Ending cash and cash equivalents	<u>\$ 94,483</u>	<u>\$482,997</u>
Additional disclosure:		
Interest paid on Chase Bank building note	<u>\$ -</u>	<u>\$20,281</u>

The accompanying notes to financial statements are an integral part of these statements.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Program

The Louisiana High School Athletic Association (LHSAA) is a nonprofit organization exempt from the federal income tax, pursuant to Section 501 (c) (3) of the Internal Revenue Code. The objective of the LHSAA is to promote, regulate, and direct interscholastic athletic activities of Louisiana High Schools.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflects all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2009, the Association has no classes of temporarily or permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2009

Reclassifications

Certain revenue and expense items for the year ended June 30, 2009 have been reclassified for comparison purposes.

Revenue Recognition

All revenue is recorded as unrestricted support or revenue in the year the revenue is billed earned and billed.

Functional Expenses

Expenses are charged directly to program or to general and administrative categories based on specific identification.

Investment Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position.

Concentrations

The Association is a Louisiana state wide organization. All member schools are in Louisiana. Accordingly all revenue is concentrated in Louisiana. The Association also has concentrations of cash balances in banks in excess of the \$250,000 FDIC limit.

Property and equipment

Property and equipment consists of land, building, vehicles, furniture and equipment. These assets are recorded at cost and depreciated over their estimated useful lives.

Allowance for doubtful accounts

Accounts receivable deemed uncollectible are written off using the direct write off method. At June 30, 2009 no accounts receivable were deemed uncollectible.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2009

2. INVESTMENT SECURITIES

Unrealized gains and losses are included in the changes in unrestricted net assets. Investments are stated at fair value and consist primarily of money market funds, bonds, asset backed securities, and mutual funds. Accordingly, as of June 30, 2009, the Association held the following investments:

June 30, 2009

<u>Institution</u>	<u>Description</u>	<u>Cost</u>	<u>Fair Value</u>
Sanders, Morris,	Cash, money market	\$ 2,500	\$ 2,853
Harris	American Hi Income Trust	605,272	611,748
	American Bond Fund	364,334	296,929
Baton Rouge Area			
Foundation	Investment Pool	50,000	50,019
		<u>\$ 1,022,106</u>	<u>\$ 961,549</u>
Net investment return is summarized as follows:			
Interest income			80,224
Net Realized/Unrealized Gains / (Losses)			<u>(162,473)</u>
Total net investment (loss)			<u>\$ (82,249)</u>

3. PREPAID EXPENSES AND DEFERRED REVENUE

At June 30, 2009 and 2008, prepaid expenses of \$96,308 and \$55,179 represented expenses paid in advance for the fiscal year ended June 30, 2009 and 2008. These expenses are primarily for rent, telephone, vehicles, publications, computers, and insurance. At June 30, 2009 and 2008, deferred revenue of \$109,905 and \$2,400 represented primarily receipts received in advance for the fiscal year ended June 30, 2009 and 2008. These items are advances on fees including \$19,000 for building usage and \$90,500 for employee support from LHSCA.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2009

4. RELATED PARTY TRANSACTIONS

Individuals who are on the executive council of the LHSAA are also on the executive council of the Louisiana High School Coaches Association (LHSCA), and the Louisiana High School Hall of Fame, Inc. These individuals are certain principals and coaches from the various member schools, and the LHSAA commissioners. During the year ended June 30, 2009 and 2008, the LHSCA reimbursed the LHSAA \$19,000 and \$19,772 for staff support, salary reimbursement, as well as including \$15,000 for each year for building utilization. During the year ended June 30, 2009 and 2008, the Hall of Fame was reimbursed by LHSAA \$2,000 and \$2,000 for staff support.

5. LEASE COMMITMENTS

The Association leases office equipment for rental periods of 60 months. Annual minimum lease payments are due as follows:

June 30, 2010	60,000
June 30, 2011	60,000
June 30, 2012	60,000
June 30, 2013	<u>60,000</u>
	\$240,000

6. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments.

Cash, cash equivalents: The carrying amounts reported in the statements of financial position and cash flows approximate fair value. Any cash equivalent is considered to be highly liquid with a maturity of less than three months at the purchase date.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2009

Investment securities: These values were furnished by the outside investment advisor to the Association, valued at the report date of June 30, 2009. The fair values are based on quoted market prices for mortgage backed securities, money market funds, bond funds, and mutual funds.

7. NOTE PAYABLE

At June 30, 2009, The Association had construction loan draws of \$254,258. On September 4, 2009, The Association obtained permanent financing for the new building for \$2,571,250 from Regions Equipment Finance Corporation and the Louisiana Government Environmental Facilities and Community Development Authority. Interest is variable and is currently at 4.98%. A balloon payment of \$2,145,250 is due May 5, 2015.

8. DEFINED BENEFIT PENSION PLAN

Substantially all of the LHSAA full-time employees participate in the Teacher's Retirement System of Louisiana (the System), which is a cost-sharing, multiple-employer public employee retirement system. The System is administered and controlled at the State level by a separate board of trustees, with contribution rates and benefit provisions approved by the Louisiana Legislature. With respect to the Teachers' Retirement regular plan, normal retirement is at age 60 with 10 years of service, or at any age with 20 years of service. The formula for annual maximum retirement benefits is generally 2% (with less than 25 years of service) or 2.5% (with 25 or more year of service) times the years of creditable service times the average salary of the 36 highest successive months (plus \$300 applicable to persons becoming members prior to July 1, 1986).

Contributions to the plans are determined by State statute or are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2009, for the employer and covered employees were as follows:

	<u>Employer</u>	<u>Employee</u>
Teachers' Retirement System:		
Regular Plan – June 30, 2009	15.8	8.0

Total contributions for 2009 were \$108,409.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2009

9. CONTINGENT LIABILITIES

At June 30, 2009, the Association was in the appeals phase of an IRS audit concerning certain marketing and promotion expenses and related payroll taxes for the year 2004 - 2007. At the date of the audit report, the amount of the ultimate liability is unknown. According to IRS, the appeals process will be completed by December 31, 2010.

10. BUILDING LEASE

The Association is leasing an office at 3029 S. Sherwood Forest Blvd., Baton Rouge, Louisiana until construction of a new office building is completed. The first 12 months lease was at no charge. Beginning April 2009, monthly lease expense will be \$10,555 per month thru December 2009. At June 30, 2009, the Association had prepaid the lease thru December 31, 2009 for \$63,333.

11. SUBSEQUENT EVENT

Land for future building was purchased in April of 2008 for \$350,000 and is located at 12720 Old Hammond Highway in Baton Rouge, Louisiana. Total construction costs are estimated at \$2.5 million. Estimated completion date is December 25, 2009. At June 30, 2009 construction costs in progress were \$558,083.

12. PROPERTY AND EQUIPMENT, NET

At June 30, 2009 property and equipment consisted of the following:

Furniture & Equipment	\$ 72,996
Vehicles	130,952
Construction Costs in Progress	558,083
Land	350,000
	<hr/> 1,112,031
Less accumulated depreciation	(66,076)
Property and equipment, net	<hr/> <u>\$ 1,045,955</u>

Depreciation expense was \$39,146 and \$26,930 for the year June 30, 2009 and 2008.